California MEDICAL ASSOCIATION

C.M.A. President Testifies in Forand Bill Hearings

Following is the testimony of T. Eric Reynolds, M.D., President of the California Medical Association, before the Ways and Means Committee of the U. S. House of Representatives concerning H.R. 4700 (the Forand bill) July 14, 1959:

MY NAME is T. Eric Reynolds. Since 1926 I have practiced medicine at Oakland, California. Although I trained in surgery and am a member of the American College of Surgeons, I have maintained a general practice. I am the President of the California Medical Association. For several years I was President of California Physicians' Service, California's Blue Shield Plan. I recently served as chairman of a special committee of the California Medical Association on problems of the aged and I am appearing here on behalf of the California Medical Association.

Physicians in California have been mindful of the medical care needs of our aged population and of the fact that all of us may expect a longer life span than our forefathers. To a great degree the medical problems of the aged are rooted in the mores of our culture. Also, to a great extent, our medical problems after the age of 65 are determined by such things as (1) the care of the individual before that time, (2) his or her attention to infections, (3) mental cultivation and relaxation, (4) physical fitness and exercise, (5) smoking habits, (6) the use of alcohol, (7) weight control and, lastly, food habits. Perhaps vitamins and hormones, both natural and synthetic, play some part, and certainly part of it is pure caprice, such as the factor of injury or exposure and stress and strain beyond the control of the individual. Heredity is definitely a factor in the medical problems of older people. Indeed, barring accidents, the choice of ancestors often determines whether an individual will qualify to reach that category.

It is my opinion that the two most prevalent difficulties of old age are (1) boredom and (2) loneliness, and that much of the medical attention that old people seek is traceable to these two underlying conditions.

There is a lot more to this problem than the passing of a compulsory insurance law and the spending of public money to provide certain hospitalization benefits.

For persons who have spent 65 years developing a spirit of independence and self-reliance, we would advise, as physicians, that ways to present a continuing challenge to their minds and hearts should be developed. We believe that voluntary health insurance can well be one of the means by which people can continue to be self-reliant.

With respect to availability of health insurance for persons over 65, California has many existing group insurance plans under which retirees may continue health and welfare benefits. Our Blue Shield and Blue Cross plans have for years incorporated the continuance of membership after retirement as a right—rather than a privilege—and we have over 150,000 retirees currently enrolled.

During the year, three large insurance companies, through statewide newspaper announcements, made available at modest cost, contracts for individuals

over 65, on an individual enrollment basis, providing indemnification for hospital costs and surgical fees.

The California Medical Association, after years of study of both the medical and economic needs of the aged, directed California's Blue Shield Plan —California Physicians' Service—by a unanimous vote of the House of Delegates, to offer to all Californians aged 65 and over, an individual enrollment contract providing service benefits for surgery, and physicians' care, both in the hospital and, most importantly, on an outpatient basis, in the home or the physician's office. C.P.S. immediately developed this contract, and on June 1, 1959, made it available throughout the state. I offer to you for the records of the committee, copies of the newspaper advertisement that appeared June 1 and June 9 throughout the State of California.

I should like to emphasize that the contracts offered by the insurance carriers and Blue Shield in California are not merely in the planning stage. They are in being, and available on the market.

You will note that the Blue Shield program concentrates on professional services. It does not cover hospitalization. The reason for this is that California physicians have agreed to provide service benefits for low income retirees at reduced fees, in order to hold the monthly dues rates within the ability of the low income group to pay, and in order to provide the home and office outpatient care which constitutes the greatest day-to-day medical need of the aged population, and the greatest drain upon its income.

This program dovetails with that of the California county hospital system. For almost a century we have had a system of county owned and operated hospitals, staffed voluntarily and without charge by the physicians of the state. By custom and by law in California, the facilities of our county hospitals are open to persons who have income or resources of their own, but which would not be adequate to cover the cost of private hospital care.

We believe that we have more than made a start toward economic security for our aged population in the area of medical care costs, through existing voluntary health care plans, including the right of continued coverage after retirement, as well as through our individual contracts for those 65 and over.

Further—and this I wish to emphasize—our programs are available to *all* persons 65 and over. They are not restricted to those covered under the Social Security Act. They are available as well to those who were self-employed or otherwise not qualified for Social Security. In this respect, our voluntary approach is more inclusive than the proposed legislation before you.

The California Medical Association urges that government should not provide compulsory health insurance for those over 65 until and unless it has been proved that voluntary insurance cannot do the job. In the area of health care of the aged, we are confident that voluntary efforts toward budgeting the cost of illness for the aged will continue to develop rapidly and will solve the problem.

Enactment of compulsory insurance at this time will destroy many programs now in effect.

I believe there is a parallel in an event that occurred in California some 14 years ago. In January, 1945, our State Legislature was urged to enact compulsory health insurance on the ground that voluntary health insurance had proven inadequate.

At that time, our Blue Shield plan was barely six years old and still pioneering an idea that was strange and new to the public, and to medical personnel as well. Its acceptance as a viable mechanism had not been great, and total membership stood at a little over 106,000 persons. Commercial insurance carriers, watching our performance, offered little to supplement it.

Nevertheless, the California Medical Association opposed the compulsory proposal and urged the Legislature and the people of California to give private initiative, which had made a bold beginning, a reasonable opportunity to develop and establish itself. The Legislature heeded the plea and rejected the compulsory proposal.

In the next decade, voluntary health insurance coverage literally spread like wildfire. In the *five* years from 1945 to January 1950, our C.P.S.-Blue Shield membership increased more than eightfold. In various combinations of benefits, insurance carriers entered the medical field in great numbers and with competitive vigor. Blue Cross extended its well-warranted influence in the market. Group practice plans competed for the public's attention. The concept of labor-management "trusteed" health and welfare plans quickly took root in California, after the Inland Steel decision in the late 1940's.

The Health Insurance Institute has reported that California leads the nation in the amount of disbursements under health insurance contracts in 1958. Carriers paid out over $316,000,000 in our state to meet liabilities incurred for hospital and physicians' services.

The extensive availability of coverage following retirement has resulted in millions of Californians being protected against the costs of illness and injury by voluntary health insurance programs. Private initiative, coupled with social responsibility, has made this achievement possible.

We submit that California's newest voluntary prepaid medical care plan for the aged is not the per-

fect plan any more than were our initial efforts with our Blue Shield program. However, we are making a start—we are heading in the right direction.

Changes in a voluntary plan can be made as experience indicates. And these changes can be made to conform with varied local needs.

The problems of the aged are manifold and sensitive. Physicians are in a unique position to evaluate some of these problems, for when we see these elderly people they usually tell us about their problems—medical and otherwise. I am taking the liberty of filing herewith an address I delivered a few weeks ago to the Western Branch, American Public Health Association, in which I expressed some additional thoughts on this subject. I hope the ideas developed in it may be useful to you in your deliberations. I still believe, as I stated before, there is a lot more to all this than the passing of a law.

I want to express our appreciation for the opportunity to discuss this matter with this committee.

Council Meeting Minutes

Tentative Draft: Minutes of the 449th Meeting of the Council, Santa Barbara, Biltmore Hotel, May 9 and 10, 1959.

The meeting was called to order by Chairman Lum in Room A of the Biltmore Hotel, Santa Barbara, on Saturday, May 9, 1959, at 9:30 a.m.

Roll Call:

Present were President Reynolds, President-Elect Foster, Speaker Doyle, Vice-Speaker Heron, Secretary Hosmer and Councilors MacLaggan, Wheeler, Todd, Quinn, O'Neill, Kirchner, O'Connor, Shaw, Gifford, Harrington, Davis, Sherman, Campbell, Lum, Bostick and Teall. Absent for cause, Editor Wilbur.

A quorum present and acting.

Present by invitation were Messrs. Hunton, Clancy, Thomas, Whelan, Marvin, Edwards and Collins of C.M.A. staff; Eugene Salisbury of the Public Health League of California; Messrs. Hassard and Huber, legal counsel; county executives Scheuber of Alameda-Contra Costa, Nute of San Diego, Dermott of Sonoma, Geisert of Kern, Dochterman of Sacramento, Bannister of Orange, Pettis and Field of Los Angeles, Wood of San Mateo, Donovan of Santa Clara, Brayer of Riverside, and Thompson of San Joaquin; Dr. Daniel Blain, director of the State Department of Mental Hygiene; Mr. Jack Wedemyer, director, and Dr. John Keye, Medical Director, of the State Department of Social Welfare; William Rogers of the California Academy of General Practice; Wilson Wahlberg of California Physicians' Service; Dr. James Dalton, President of the Santa Barbara County Medical Society; and Drs. Joseph Telford, Francis E. West, Werner Hoyt, Dan O. Kilroy, Francis J. Cox and Alfred Auerback.

1. *Minutes for Approval:*

On motion duly made and seconded, minutes of the 448th meeting of the Council, held April 11, 1959, were approved.

2. *Membership:*

(a) A report of membership as of May 6, 1959, was presented and ordered filed.

(b) On motion duly made and seconded, 218 delinquent members whose dues had been received since April 11, 1959, were reinstated.

(c) On motion duly made and seconded in each instance, ten applicants were voted Retired Membership. These were: Harold D. Berlin, Alameda-Contra Costa County; Leslie H. Butka, George H. Ernsberger, Roscoe A. Ford, Philip A. Reynolds, Manuel H. Haig, Elizabeth B. Hammons, William W. Hutchinson, Walter M. Jones, Los Angeles County, and Raymond H. Munford, Orange County.

(d) On motion duly made and seconded in each instance, 13 applicants were voted Associate Membership. These were: John H. Baier, Arthur Kassel, John C. Reidenbach, Franco Sangalli, Bernice R. Walters, Alameda-Contra Costa County; John J. Harris, Charles A. Holley, Rose DeM. Jenkins, Ruth Anne McCormick, Daniel Stowens, Charlotte S. Tyler, Los Angeles County; Grover J. Liese, San Francisco County, and Ruth H. Winzeler, Ventura County.

(e) On motion duly made and seconded, reductions in dues were voted for seven members because of illness or postgraduate study.

3. *Liaison Committee with California Hospital Association:*

Dr. Francis E. West presented a draft of proposed guides for the conduct of physicians in hospitals, asked for suggestions which might be shown in a succeeding draft and reported that the liaison committee would meet with hospital representatives for a further review of the suggested guides. He reported that the committee wished to retain one proposed guide to the effect that hospital staffs should select their own department chiefs rather than have such selections made by others. On motion duly made and seconded, it was voted to authorize the Committee for Emergency Action to approve this tenet in a later draft.